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**LOUISIANA
ASSESSORS'
RETIREMENT FUND**

FINANCIAL REPORT

September 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/20/05

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LOUISIANA ASSESSORS' RETIREMENT FUND

Table of Contents

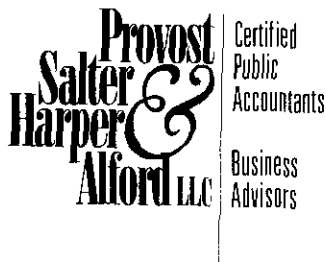
September 30, 2004

SECTION I FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION		1
MANAGEMENT DISCUSSION AND ANALYSIS		3
FINANCIAL STATEMENTS		
Statement of Plan Net Assets	<i>Exhibit A</i>	9
Statement of Changes in Plan Net Assets	<i>Exhibit B</i>	10
Notes to Financial Statements		11
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Funding Progress	<i>Schedule 1</i>	22
Schedule of Employer Contributions and Other Contributing Entities	<i>Schedule 2</i>	23
Notes to Schedule of Contributions and Funding Progress		24
Trustees' Per Diem	<i>Schedule 3</i>	25
Administrative Expenses	<i>Schedule 4</i>	26

SECTION II COMPLIANCE MATTERS AND INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

REPORTS REQUIRED BY THE GOVERNMENT AUDITING STANDARDS	
Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	27
Comment on Prior Year's Findings	29



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Trustees
Louisiana Assessors' Retirement Fund

We have audited the statement of plan net assets of the Louisiana Assessors' Retirement Fund as of September 30, 2004, and the related statement of changes in plan assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Louisiana Assessors' Retirement Fund as of September 30, 2004, and the changes in plan net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2004 on our consideration of the Louisiana Assessors' Retirement Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We have also previously audited, in accordance with generally accepted auditing standards, the financial statements of Louisiana Assessors' Retirement Fund as of September 30, 2003, 2002, and 2001 and we expressed an unqualified opinion on those statements. The years ended September 30, 2000 and prior were audited by other auditors, whose reports were unqualified. In our opinion, the information set forth in the required supplementary information for the years ended September 30, 2004, 2003, 2002 and 2001, appearing on pages 22 to 24, is fairly stated, in all material respects, in relation to the financial statements from which it has been derived. The years ended September 30, 2000 and prior was subjected to the auditing procedures applied in the audits of the basic financial statements by other auditors, whose reports on such information stated that it was fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information schedules on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the financial statements of the Louisiana Assessors' Retirement Fund. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

November 24, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of the Louisiana Assessors Retirement Fund ("Retirement Fund") for the year ended September 30, 2004 highlights relevant aspects of the basic financial statements and provides an analytical overview of the Retirement System's financial activities.

Financial Highlights

The net assets held in trust for pension benefits increased by \$15.1 million, or 13.4%. The increase was almost entirely due to the continued upturn in the equity markets.

The unfunded actuarial accrued liability increased from \$35.2 million to \$35.5 million.

The Retirement Fund had net investment income \$11.4 million, compared to net investment income of \$14.7 million in 2003.

The amount of Annuity and DROP benefit payments increased \$630,000 from the amount paid in the previous year.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Retirement Fund's basic financial statements, together with the related notes to the financial statements, required supplementary information, and the supporting schedules, all of which are described below:

Statement of Plan Net Assets – This statement reports the Retirement Fund's assets, liabilities, and resultant net assets held in trust for pension benefits. This statement should be read with the understanding that it presents the Retirement Fund's financial position on September 30, 2004.

Statement of Changes in Plan Net Assets – This statement reports the results of operations during the fiscal year, categorically presenting the additions to and deductions from plan net assets. The net increase in plan assets on this statement supports the change in net assets held in trust for pension benefits on the Statement of Plan Net Assets.

Notes to the Financial Statements – The financial statement notes provide additional information that is essential to a complete understanding of the data set forth in the financial statements. They are considered an integral part of the financial statements. A description of the information provided in the notes follows:

Note 1 (Plan Description) Provide a general description of the Retirement Fund. Information is included regarding the board of trustees, plan membership, a description of basic retirement benefits, and the Deferred Retirement Option Plan (DROP).

MANAGEMENT DISCUSSION AND ANALYSIS

Note 2 (Summary of Significant Accounting Policies) Provides information about the accounting methods and policies used in determining amounts shown on the financial statements. Information relative to the basis of accounting, the determination of estimates, Fund investments and properties is included in this note.

Note 3 (Contributions and Reserves) Describes contributions to the Retirement Fund and the Reserve Funds, DROP, Annuity Savings, Pension Accumulation and Annuity Reserve.

Note 4 (Required Contributions) Defines the cost methods used to calculate funding requirements of the Retirement Fund.

Note 5 (Cash and Cash Equivalents) Describes cash and cash equivalents including authority and policies, and additional information about cash and pledged securities.

Note 6 (Investments) Describes Investments, including authority and policies.

Note 7 (Equipment and Fixtures) Details the cost of the Retirement Fund's fixed assets as well as related depreciation expense and accumulated depreciation.

Note 8 (Related Party Transactions) Provides an explanation of the shared expenses, the Retirement Fund reimburses to the Louisiana Assessors' Association.

Note 9 (Concentrations of Credit Risks) Describes the concentrations of the Funds investments.

Note 10 (Risk Management) Provides a brief description of the Retirement Fund's exposure to various risks, and the level of related insurance coverage.

Note 11 (Contingencies) Details various situations where the Fund is either in pursuit of or being pursued for benefits. Due to the uncertainty of each situation no liabilities or receivables have been recorded on the financial statements.

Required Supplementary Information – The required supplementary information consists of two schedules and related notes. These schedules show the funding progress and employer contribution data for the Retirement Fund. The related notes disclose key actuarial assumptions and methods used in the schedules.

Supporting Schedules – These schedules include information on administrative expenses, investments, board compensation and changes in reserve balances.

MANAGEMENT DISCUSSION AND ANALYSIS

Louisiana Assessors' Retirement Fund's Financial Analysis

The Retirement Fund is a cost sharing, multiple-employer, qualified defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494, effective July 26, 1950. The plan is a qualified plan as defined by the Internal Revenue Code, effective January 1, 1998. Retirement benefits are funded through member contributions, employer contributions, and earnings on investments. Total net assets held in trust for pension benefits at September 30, 2004 amounts to \$127.3 million; which was an increase of \$15.1 million, or 13.4 percent from the \$112.2 million held at September 30, 2003.

STATEMENT OF PLAN NET ASSETS

TABLE 1
PLAN NET ASSETS

	2004	2003
Cash and Investments	\$ 126,604	\$ 111,445
Receivables	606	688
Capital Assets	27	34
Notes Receivable	95	97
Total Assets	127,332	112,264
Liabilities	56	59
Plan Net Assets	<u>\$ 127,276</u>	<u>\$ 112,205</u>

Additions to Plan Net Assets – Additions to the Retirement System's net assets held in trust for pension benefits include contributions from employers and members, revenue sharing, and investment income. The Retirement Fund recognized a current year net investment increase of \$11.4 million compared to the \$14.7 million increase in the prior year.

MANAGEMENT DISCUSSION AND ANALYSIS

<u>Additions to Net Assets</u>	2004	2003	Difference	2004 Percentage Change
Employer contributions	\$ 4,026,129	\$ 3,803,335	\$ 222,794	5.5%
Employee contributions	2,329,543	2,174,126	155,417	6.7%
Investment income(loss)	11,428,975	14,683,474	(3,254,499)	(28.5%)
Transfers in	186,675	57,775	128,900	69.1%
State revenue sharing	355,855	358,171	(2,316)	(0.7%)
All parishes pension fund	6,070,246	5,748,157	322,089	5.3%
 Total additions	 <u>\$ 24,397,423</u>	 <u>\$ 26,825,038</u>	 <u>\$ (2,427,615)</u>	 <u>(10.0%)</u>

Deductions from Plan Net Assets – Deductions from the Retirement Fund’s net assets held in trust for pension benefits are comprised primarily of pensions paid Retirement Fund retirees, survivors, and beneficiaries. Also included as deductions are administrative expenses and refunds of contributions. Pensions paid to retirees, survivors, and beneficiaries amounted to \$8.9 million for 2004, which represented an increase of \$.6 million from the \$8.3 million paid in 2003. The increase was due to an increase in normal monthly payments to pensioners, as well as an increase in DROP fund distributions. The 2004 administrative expenses represented only 3% of total plan deductions, which is consistent with the prior year’s 3%.

<u>Deductions from Plan Net Assets</u>	2004	2003	Difference	2004 Percentage Change
Benefits Paid				
(Annuity & Drop)	\$ 8,900,511	\$ 8,269,018	\$ 631,493	7.1%
Refunds & Transfers	112,980	307,543	(194,563)	(172.2%)
Administrative Expenses	313,163	284,091	29,072	9.3%
 Total deductions	 <u>\$ 9,326,654</u>	 <u>\$ 8,860,652</u>	 <u>\$ 466,002</u>	 <u>(5.0%)</u>

Investments – Total investments amounted to \$124.6 million at September 30, 2004 as compared to \$107 million at September 30, 2003, which represented an increase of \$17.7 million or 16.5%. The Retirement Fund’s market return was 10.5%, the benchmark for the overall portfolio returned 10.0% and the average peer-group for Funds with a similar asset allocation 11.85% for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

When making comparisons from year to year, it is important to be aware that other factors may affect the change in investments, particularly the changes between investments categories and types. Probably the most notable of the factors is that of investment re-balancing, which is initiated when a certain predetermined target allocation percentage is reached. Investment allocations that have become over-allocated are sold in part and distributed for the purchase of investment allocations that have become under-allocated. It is also important to note that the investment portfolio is not stagnant, but is traded in part each business day. Therefore, the reader should be cautious about drawing conclusions as to how and why the portfolio increased or decreased in value. It is perhaps best to refer to the following table to conclude how the Retirement Fund's investments change overall.

<u>Investments at fair value</u>	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>2004 Percentage Change</u>
US Government Securities	\$ 3,841,330	\$ 7,689,488	\$ (3,848,158)	(50.0%)
Corporate bonds	8,251,270	14,624,811	(6,373,541)	(43.6%)
Foreign government securities	265,624	273,763	(8,139)	(3.1%)
Bond mutual funds	24,859,814	29,132,464	(4,272,650)	(17.2%)
Stock mutual funds	87,364,302	55,259,145	32,105,157	36.7%
 Total investments	 \$124,582,340	 \$106,979,671	 \$ 17,602,669	 16.4%

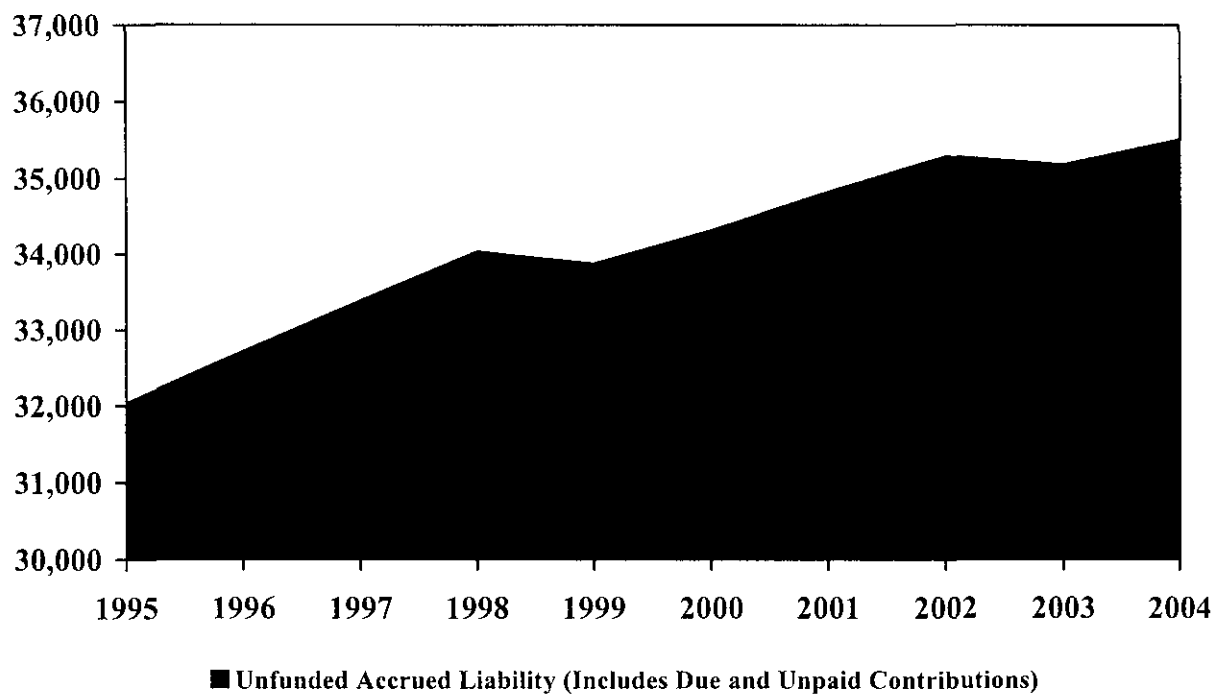
Funding Status

Of primary concern to most pension plan participants is the amount of money available to pay benefits. An actuarial valuation of assets and liabilities is performed annually.

An indicator of funding status is the ratio of the actuarial present value of the assets to the actuarial present value of future benefits when using the entry age normal method. An increase in this percentage over time usually indicates a plan is in financial decline. Changes in the financial markets can significantly impact the actuarial value of assets, which will impact the funded ratio. In addition to changes in the financial markets, the collection of actuarially required contributions has a significant impact on the funding status of the system. The chart below indicates the level of the unfunded accrued liability over time. See the actuarial section for more information regarding the funded status.

MANAGEMENT DISCUSSION AND ANALYSIS

Unfunded Accrued Liability



Requests for Information

This Annual Financial Report is designed to provide a general overview of the Louisiana Assessors' Retirement Fund's finances for interested parties. Questions concerning any of the information provided herein, or requests for additional financial information should be addressed to the Louisiana Assessors' Retirement Fund, PO Box 14699, Baton Rouge, Louisiana 70898.

LOUISIANA ASSESSORS' RETIREMENT FUND**Statement of Plan Net Assets****September 30, 2004****ASSETS**

Cash and Cash Equivalents	\$ 2,022,167
Receivables	
Employer	292,764
Employee	167,293
Interest and dividends	146,009
Total receivables	606,066
Investments at Fair Value	
U. S. Government Securities	3,841,330
Corporate bonds	8,251,270
Foreign government securities	265,624
Bond mutual fund	24,859,814
Stock mutual funds	87,364,302
Total investments at fair value	124,582,340
8% notes receivable	94,630
Equipment and fixtures, net of accumulated depreciation of \$68,615	27,111
Total Assets	127,332,314
Liabilities - Accounts Payable	56,170
Net assets held in trust for pension benefits (a schedule of funding progress is presented on page 22.)	\$ 127,276,144

LOUISIANA ASSESSORS' RETIREMENT FUND

Statement of Changes In Plan Net Assets

Year Ended September 30, 2004

Additions

Contributions	
Employer	\$ 4,026,129
Employee	2,329,543
State revenue sharing	350,809
All parishes pension fund	6,070,246
Total contributions	<u>12,776,727</u>
Investment income	
Net appreciation in fair value of investments	8,953,223
Interest and dividends	2,726,832
	<u>11,680,055</u>
Less investment expenses	<u>251,080</u>
Net investment income	<u>11,428,975</u>
Assets transferred from other systems	186,675
Miscellaneous	5,046
Total Additions	<u>24,397,423</u>

Deductions

Annuity benefits	7,808,477
Drop benefits	1,092,034
Refunds to terminated employees	112,980
Administrative expenses	313,163
Total Deductions	<u>9,326,654</u>

Net Increase 15,070,769

Net Assets Held In Trust For Pension Benefits

Beginning of year	<u>112,205,375</u>
End of year	<u>\$ 127,276,144</u>

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements

September 30, 2004

1. Description of Plan

The following brief description of the Assessors' Retirement Fund Pension Plan (Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General. The Plan is a cost sharing, multiple-employer, qualified governmental defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494, effective July 26, 1950. The plan is a qualified plan as defined by the Internal Revenue Code section 401(a), effective January 1, 1998. Membership in the Louisiana Assessors' Retirement Fund is a condition of employment for Assessors and their full time employees.

Reporting Entity. The Louisiana Assessors' Retirement Fund is not a component unit of the State of Louisiana consolidated Annual Financial report. The accompanying financial statements reflect the activity of the Retirement Fund.

Under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (GASB) 14, the definition of a reporting entity is based primarily on the concept of financial accountability. In determining its component unit status, the administrators considered the following:

- The plan exists for the benefit of current and former assessors who are members of the Retirement Fund;
- Eight of the fifteen Board members are elected by the employees who participate in the Fund, and
- The Fund is funded by the investment of contributions from members and member employees who are obligated to make contributions to the Fund based upon actuarial valuations.

The Louisiana Assessors' Retirement Fund has no component units as defined under GASB 14.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

The Louisiana Assessors' Retirement Fund was established and provided for by RS11:1401 of the Louisiana Revised Statutes. The Fund is administered by a board of trustees made up of fifteen members, the president, vice president, and secretary-treasurer of the Louisiana Assessors' Association and eight regular member representatives who shall be elected for a term of three years from the Association districts. Two of the members shall be retiree representatives nominated by the board and elected by the retirees and two members shall be assessor employee representatives nominated by the board and elected by the employees.

Plan Membership. Employer and employee membership data at September 30, 2004 is as follows:

Employer Members

Louisiana Assessors' offices	71
Louisiana Assessors' Association	<u>1</u>
	<u>72</u>

Employee Members

Current retirees and beneficiaries	418
Terminated vested participants	24
Terminated due a refund	18
Active plan participants	<u>718</u>
Total employee members	<u>1,178</u>

Plan Benefits.

Pension Benefits. Employees with 30 or more years of service or employees who have 12 years of service who have attained age 55 are entitled to annual pension benefits equal to $3\frac{1}{3}\%$ of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100% of final compensation. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect an unreduced benefit or any of four options at retirement.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

1. At death, their beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, their beneficiary will receive a life annuity based on their reduced retirement allowance.
3. At death, their beneficiary will receive a life annuity equal to $\frac{1}{2}$ of their reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to their retirement allowance.

Death Benefits.

1. If a member of this fund dies in service with less than twelve years of creditable service, and leaves a surviving spouse, his accumulated contributions shall be paid to the surviving spouse.
2. If a member dies and has twelve or more years of creditable service and is not eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the joint and survivorship amounts provided in Option 2 as provided in R.S. 11:1423, which shall cease upon a subsequent remarriage, or a refund of the member's accumulated contributions, whichever the spouse elects to receive.
3. If a member dies and is eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the Option 2 benefits provided for in R.S. 11:1423, which shall not terminate upon a subsequent remarriage.
4. Benefits set forth in Number 2 shall cease upon remarriage and shall resume upon a subsequent divorce or death of a new spouse. The spouse shall be entitled to receive a monthly benefit equal to the amount being received prior to remarriage.

Disability Benefits. If an eligible member is officially certified as disabled by the State Medical Disability Board, he shall receive the lesser of (1) or (2) as set forth below:

1. A sum equal to three and one-third percent of final three year average compensation multiplied by the number of years of service or 45% of final three-year average compensation, whichever is greater; or

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

2. Three and one-third percent of highest three-year compensation multiplied by years of service, to the earliest normal retirement age.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R.S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

Deferred Retirement Option Plan. Upon becoming eligible for a normal retirement allowance, a member may elect to participate in the deferred retirement option plan for up to 36 months. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account.

Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular retirement benefit.

If employment is not terminated at the end of the 36 months, the participant resumes active contributing membership in the system.

No payments may be made from the deferred retirement option plan account until the participant retires.

During the year ended September 30, 2004, \$1,092,034 was paid from the deferred retirement option plan accounts on behalf of 17 participants.

Excess Benefit Plan. Under the provisions of this excess benefit plan a member may receive a benefit equal to the amount by which the member's monthly benefit from the fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

2. Summary of Significant Accounting and Financial Reporting Policies

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

In addition, these financial statements include the implementation of GASB Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and related standards. This new standard provides for inclusion of a management discussion and analysis as supplementary information and other changes.

Basis of Accounting. The Fund's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the employee is compensated for services. Benefits and refunds are recognized when due and payable.

Cash and Cash Equivalents. Cash and cash equivalents, includes demand deposits in banks and temporary cash investments in money market accounts with the trust department of the investment custodian bank. The money market balances consist of government backed pooled funds.

Valuation of Investments. All investments are fixed-income securities, common stock or mutual funds and are reported at fair market value based on quoted market prices.

Investment Income. Interest and dividend income is recognized on the accrual basis as earned.

Gains and losses on exchanges of fixed-income securities and common stocks are recognized using the trade date basis.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that effect the reported amounts and plan net assets at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in plan net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

3. Contributions and Reserves

Contributions. Contributions for all members are established by statute at 8.0% of earnable compensation. The contributions are deducted from the member's salary and remitted by the participating agency.

Administrative costs of the retirement fund are financed through employer contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ended September 30, 2004, employer contributions were 14% of member's earnings. The Fund also receives $\frac{1}{4}$ of 1% of the property taxes collected in each parish of the state. This income is used as additional employer contributions. Orleans Parish has not paid its contribution for several years and the Fund has sued to collect the amounts due. The case is in the courts and the outcome is unknown at this time.

Reserves. Use of the term "reserve" by the retirement Fund indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

Expense. The Expense Fund Reserve provides for general and administrative expenses of the Fund and those expenses not funded through other specific legislative appropriations. Funding consists of transfers from the retirement funds and is made as needed.

Annuity Savings. The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service, or upon his death, before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor who is eligible for a benefit, the amount of the member's accumulated contributions is transferred from the Annuity Savings to the Annuity Reserve to provide part of the benefits. The Annuity Savings as of September 30, 2004 is \$16,091,217. The Annuity Savings is fully funded.

Pension Accumulation Reserve. The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not covered by other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. The Pension Accumulation Reserve as of September 30, 2004 is \$37,706,805. The Pension Accumulation Reserve is 59.51% funded.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

Annuity Reserve. The Annuity Reserve consists of the reserves for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve account from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of September 30, 2004 is \$66,221,465. The Annuity Reserve is fully funded.

Deferred Retirement Option Account. The Deferred Retirement Option Account consists of the reserves for all members who, upon retirement eligibility, elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. A member can only participate in the program for three years, and upon termination may receive his benefits in a lump sum payment or by a true annuity. The deferred retirement option as of September 30, 2004 is \$7,256,657. The Deferred Retirement Option account is fully funded.

4. Actuarial Cost Method

The "Frozen Attained Age Normal" cost method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. Act 81 of the 1988 legislative session requires that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 3.5% per year.

5. Required Supplementary Schedule Information

Information in the Required Supplementary Schedules is designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits and is presented on pages 22-24.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

6. Cash and Cash Equivalents

At September 30, 2004, the fund has cash and cash equivalents (book balances) consists of the following:

Demand deposits	\$	317
Bank Trust Department		657
Repurchase agreements		1,034,707
Louisiana Asset Management Pool (LAMP)		<u>986,486</u>
	\$	<u>2,022,167</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledge securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2004, the fund has \$1,980,291 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$1,035,364 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fund that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB Codification Section I50.126, the investment in LAMP at September 30, 2004 (\$986,486) is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities who have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchased agreements collateralized by those securities.

Effective August 1, 2001, LAMPs investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMPs Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

7. Investments

Statutes authorize the Fund to invest in a prudent manner and limit investments in common stocks to 55% of the total portfolio. All of the Plan's investments are insured or registered and held by a bank-administered trust fund or a Securities and Exchange Commission registered broker-dealer (GASB category 1). Investments at cost and fair value as determined by quoted market prices at September 30, 2004, were:

	Amortized Cost	Fair Values
U. S. Government Securities	\$ 3,811,373	\$ 3,841,330
Corporate bonds	7,997,056	8,251,270
Foreign government securities	265,624	265,624
Bond mutual fund	24,709,083	24,859,814
Stock mutual funds	80,050,055	87,364,302
	<u>\$ 116,833,191</u>	<u>\$ 124,582,340</u>

8. Equipment and Fixtures

The following is a summary of changes in the equipment and fixtures during the fiscal year:

	Balance October 1, 2003	Additions	Retirements	Balance September 30, 2004
Furniture	\$ 52,941	\$ -	\$ -	\$ 52,941
Computer software	25,000	-	-	25,000
Web site	17,785	-	-	17,785
	<u>95,726</u>	<u>-</u>	<u>-</u>	<u>95,726</u>
Accumulated depreciation	<u>61,554</u>	<u>\$ 7,061</u>	<u>\$ -</u>	<u>68,615</u>
Net equipment and fixtures	<u>\$ 34,172</u>			<u>\$ 27,111</u>

Depreciation expense for the year ended September 30, 2004 was \$7,061.

LOUISIANA ASSESSORS' RETIREMENT FUND

Notes to Financial Statements, Continued

September 30, 2004

9. Related Party Transactions

The Fund shares an office building, equipment and other office expenses with the Louisiana Assessors' Association and Insurance Fund, two related parties. Most of the expenses, including the salaries of employees of all three funds, are paid out of the Association. The Fund reimbursed the Association for shared expenses for the year ended September 30, 2004 in the amount of \$102,000.

10. Concentrations of Credit Risks

As noted in Note 5, the Assessors' Retirement Fund has concentrations of investments in U.S. government and agency securities as well as bonds and stocks of U. S. corporations. The value and collectibility of these investments is dependent on the normal market conditions that impact these types of investments as well as the continued existence and solvency of those entities.

11. Risk Management

The Assessors' Retirement Fund is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Fund carries insurance through the State of Louisiana, Office of Risk Management at levels which management believes are adequate to protect the Fund. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

12. Contingencies

As explained in Note 3, the Fund is involved in litigation with Orleans Parish relative to contributions due to the Fund. The outcome of the suit is unknown at this time.

At September 30, 2004, there was another suit pending against the Fund. Although the outcome is not presently determinable, in the opinion of counsel, the resolution of the matter will not have a material adverse effect on the financial position of the Fund.

LOUISIANA ASSESSORS' RETIREMENT FUND**Required Supplementary Information
Schedule of Funding Progress****September 30, 2004**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Frozen Unfunded AAL (UAAL) (b)	Actuarial Accrued Liability (AAL) (a+b)	Funded Ratio (a/a+b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b/c)
09/30/04	\$ 117,414,626	\$ 35,516,590	152,931,216	76.78%	\$ 28,757,562	123.50%
09/30/03	107,179,684	35,184,693	142,364,377	75.29%	26,991,176	130.36%
09/30/02	104,687,539	35,298,399	139,985,938	74.78%	26,360,649	133.91%
09/30/01	107,017,014	34,829,808	141,846,822	75.45%	26,101,442	133.44%
09/30/00	108,118,518	34,323,354	142,441,872	75.90%	25,658,208	133.77%
09/30/99	99,540,025	33,878,583	133,418,608	74.61%	23,906,982	141.71%
09/30/98	91,984,065	34,037,823	126,021,888	72.99%	22,345,856	152.32%
09/30/97	81,784,208	33,386,709	115,170,917	71.01%	21,190,419	157.56%
09/30/96	71,271,364	32,720,583	103,991,947	68.54%	19,437,383	168.34%
09/30/95	65,628,670	32,042,694	97,671,364	67.19%	18,040,940	177.61%
09/30/94	58,749,097	31,355,981	90,105,078	65.20%	17,805,316	176.10%

LOUISIANA ASSESSORS' RETIREMENT FUND

*Required Schedule of Employer Contributions and
Other Contributing Entities*

September 30, 2004

Year Ended September 30	Actuarial Required Contributions Employer	Actuarial Required Contributions Other Sources	Employer Contributions	
			Percentage Contributed Employer	Percentage Contributed Other Sources
2004	4,034,689	6,412,900	99.8%	100.2%
2003	3,258,807	6,096,297	116.7%	100.2%
2002	3,406,013	4,398,341	84.1%	101.3%
2001	1,993,906	4,058,466	81.1%	102.7%
2000	1,061,644	3,955,144	132.7%	98.3%
1999	485,039	3,885,234	297.4%	96.0%
1998	774,611	3,546,421	179.2%	101.6%
1997	1,137,961	3,186,993	107.3%	104.8%
1996	1,023,647	3,118,486	95.1%	98.2%
1995	915,752	2,960,328	123.1%	99.6%
1994	1,056,954	2,815,747	112.6%	100.4%

LOUISIANA ASSESSORS' RETIREMENT FUND

Required Supplementary Information

September 30, 2004

Notes to Schedules of Contributions and Funding Progress

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	September 30, 2004
Actuarial cost method	Frozen attained age normal
Amortization method	Level percent of payroll - closed
Remaining amortization period	23 years
Asset valuation method	Market value adjusted to defer $\frac{2}{3}$ of all realized and unrealized capital gains and losses accrued during the fiscal year and $\frac{1}{3}$ of such gain accrued in the prior year
Actuarial assumptions:	
Investment rate of return*	8%
Projected salary increase*	6%
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

*Includes inflation at 3.25%

LOUISIANA ASSESSORS' RETIREMENT FUND*Trustees' Per Diem**Year Ended September 30, 2004*

	Number of Meetings	Per Diem
Tom Arnold	10	\$ 750
Jimmy Dean	2	150
Jimmy Dupont	6	450
Rhyn Duplechain	10	750
Emeric Dupuy	10	750
M.L. Graham	3	225
Louis Hebert	8	600
Charles Hennington	7	525
Pam Jones	10	750
Leroy Martin	15	1,125
Sherel Martin, Jr.	7	525
Ron Morgan	2	150
Randy Seal	12	900
Stephanie Smith	10	750
Mike Wooden	13	975
		<u>\$ 9,375</u>

LOUISIANA ASSESSORS' RETIREMENT FUND*Administrative Expenses**Year Ended September 30, 2004*

Shared expenses including salaries and benefits and other office expenses	\$ 102,000
Other professional fees	64,832
Legal fees	99,116
Audit and accounting	11,500
Bank service charges	2,474
Board per diem	9,375
Computer supplies	3,432
Depreciation	7,061
Dues	100
Office Expense	4,556
Postage	1,019
Seminars	1,050
Travel	6,648
	<u>\$ 313,163</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Trustees
Louisiana Assessors' Retirement Fund
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Assessors' Retirement Fund, State of Louisiana, as of and for the year ended September 30, 2004, and have issued our report thereon dated November 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Assessors' Retirement Fund, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Assessors' Retirement Fund, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Audit Committee, the Board of Trustees, management of the Louisiana Assessors' Retirement Fund and the State of Louisiana Legislative Auditors' office and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

November 24, 2004

LOUISIANA ASSESSORS' RETIREMENT FUND

*Independent Auditor's Comment on Resolution
Of Prior Audit Findings*

Year Ended September 30, 2004

There are no prior year audit findings for which the Louisiana Assessors' Retirement Fund has not implemented the corrective action recommended.